

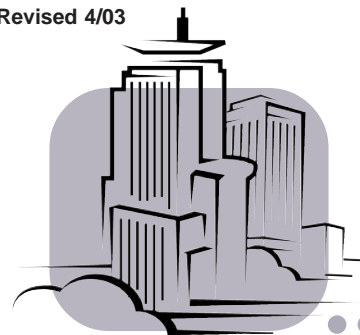


# Business Personal Property Taxes

### Utah State Tax Commission

#### Property Tax Division

210 North 1950 West  
Salt Lake City, Utah 84134  
(801) 297-3600  
1-800-662-4335  
[www.tax.utah.gov](http://www.tax.utah.gov)



*If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811, or TDD (801) 297-2020. Please allow three working days for a response.*

## Definitions

Most business property, real and personal, is subject to property tax. Real property consists of land, buildings and other improvements. Personal property is everything not treated as real property, including:

- furniture
- fixtures
- machinery
- equipment
- supplies

The following items are exempt from property tax:

- goods held for resale in the normal course of business (inventory);
- raw materials that become part of a finished product in the manufacturing process;
- franchise agreements; and
- farm equipment and machinery used primarily in the production of agricultural products.

## Assessment

Under Utah law, county assessors are empowered to collect information on business personal property by using an annual affidavit to determine property value (See Utah Code Ann. 59-2-306).

**If a business fails to provide the requested information, the assessor must impose a penalty of \$100 or 10 percent of the tax due, whichever is greater. If the affidavit is not filed after a second written notice, sent by certified mail, the property value will be estimated by the assessor.** Estimates cannot be changed by the County Board of Equalization or by the State Tax Commission (See Utah Code Ann. 59-2-307(1)(c)).

Property intentionally concealed, removed, transferred, or misrepresented in order to avoid taxation is subject to a penalty of 100 percent of the tax due. Any property not assessed may be valued and taxed as far back as five years prior to the time the property is discovered (See Utah Code Ann. 59-2-309(2)).

## Valuation

Business personal property is valued based on schedules developed by the State Tax Commission. For most property, value is based on acquisition or original cost multiplied by a percent good factor. Original cost includes installation, shipping and sales tax. The percent good factor is developed from IRS economic life estimates, which provide for the equivalent of straight-line depreciation to a residual value over the economic life of the property.

## Please Note

- Appraisal depreciation is different than accounting depreciation. Appraisal depreciation is defined as the loss of value of an asset over time from all sources including physical wear and tear, functional obsolescence and economic obsolescence. Accounting depreciation is the recovery of capital cost over a defined period.
- Economic life is not the same as the depreciation period allowed for federal income tax purposes. For example, medical equipment has an economic life of 11 years with a residual value of 10 percent. Medical equipment purchased in 1994 for \$200,000 would have a 2003 market value of \$56,000 ( $200,000 \times .28 = 56,000$ ). Each year the schedules are adjusted using an overall economic index.
- The percent good factor for construction equipment is developed from the Green Guide and the Last Bid valuation handbooks. Cost new is compared to an average of retail and auction prices for each year.
- Property used in the business that is fully depreciated for accounting purposes is taxable and must be reported.
- Leased property is usually assessed to the lessor. If the lessee is a tax exempt entity, property tax may still be due.
- Conditional sales agreements which are termed leases are taxable to the lessee.

## Taxation

Taxes are based upon the location and status of property as of January 1 of each year. For example, a business must

pay 2002 taxes on all personal and real property acquired before January 1, 2002. Property acquired in 2002 is not taxed until January 1, 2003.

Property taxes are a primary source of revenue to local government entities including counties, school districts, cities and towns, and a variety of special districts.

Taxes are due within 30 days of the time the bill is mailed. If taxes are not paid on time, an interest penalty is assessed. The penalty is equal to the federal discount rate plus six percentage points. In addition to the interest penalty, the assessor must seize and sell the personal property in order to meet the tax liability or attach it to the real property owned by the business to secure the payment of the taxes.

## Appeals

A business may appeal any property valuation to the County Board of Equalization. Appeals must be filed within 30 days of the date the tax notice is mailed by the assessor (See Utah Code Ann. 59-2-1002).

The County Board of Equalization is required to issue a written decision to the taxpayer. If the property owner disagrees with the county decision, an appeal may be filed with the State Tax Commission within 30 days of the county decision.

The Tax Commission schedules may not be appealed to nor changed by the County Board of Equalization. However, the county board may deviate from the schedules on a case-by-case basis when local circumstances and evidence warrant an adjustment.

## Audits

The Property Tax Division of the State Tax Commission audits personal property accounts throughout the state. Audits are selected based on a variety of criteria, including failure to file the annual Personal Property Statement (affidavit). A business selected for an audit is notified by mail two weeks in advance of the audit. The auditor will call to schedule an on-site inspection of the property and the accounting records. Audit results may be appealed to the County Board of Equalization.

## Assessor's Office Phone Numbers

For more information about business personal property assessment and taxation, please contact your local county assessor, listed below.

County	Assessor	Telephone
Beaver	Max Limb	(435) 438-6400
Box Elder	Monte Munns	(435) 734-3333
Cache	Kathleen Howell	(435) 716-7100
Carbon	Nancy Ferderber	(435) 636-3248
Daggett	Lesa Schofield	(435) 784-3222
Davis	Carol Buckley	(801) 451-3252
Duchesne	Grefory Garff	(435) 738-1115
Emery	Kris Bell	(435) 381-2474
Garfield	Joe Thompson	(435) 676-1107
Grand	Dorothy Gough	(435) 259-1329
Iron	Dennis Ayers	(435) 477-8311
Juab	Mr. Shirl Nichols	(435) 623-3425
Kane	Richard Swapp	(435) 644-2649
Millard	Jim Talbot	(435) 743-5719
Morgan	Gwen Rich	(801) 845-4000
Piute	Dale Bagley	(435) 577-2988
Rich	Kim Wilson	(435) 793-5215
Salt Lake	Lee Gardner	(801) 468-3050
San Juan	Howard Randall	(435) 587-3221
Sanpete	Kenneth R. Bench	(435) 835-2111
Sevier	Gail Demille	(435) 896-9262
Summit	Barbara Kresser	(435) 336-3248
Tooele	Jerrie Paystrup	(435) 843-3101
Uintah	Gayla Casper	(435) 781-5349
Utah	Kris Poulson	(801) 370-8275
Wasatch	Glen Burgener	(435) 654-3211
Washington	Art Partridge	(435) 634-5703
Wayne	Caroln Moosman	(435) 836-2709
Weber	Cheryl Madson	(801) 399-8122